



**Texas Association of School Boards**  
P.O. Box 400 • Austin, Texas 78767-0400 • 512.467.0222  
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*Serving Texas Schools Since 1949*

September 30, 2020

Chairman Dan Huberty  
1100 Congress Ave.  
Austin, Texas 78701

Chairman Huberty,

The Texas Association of School Boards provides the following written testimony for Interim Charge 1A, and the various questions posited by the Texas House Public Education Committee regarding the implementation of House Bill 3 and the effects of the legislation on local school district's. TASB understands the impact that COVID-19 has played in shaping the upcoming legislative session, however we continue to support Chairman Huberty's call to maintain the historic gains for school finance made under HB3 and the investment the state made in our students.

**Question 1: Can the state delay implementation of the teacher incentive pay program to push it out to the next biennium? If so, what would be the impact on the current budget, as well as budget implications for the 2022- 23 biennium?**

TASB cautions against delaying the implementation of the teacher incentive allotment, especially for the 26 districts that have already been approved by TEA for the Cohort A teacher incentive allotment. These districts have already established a structure and are implementing the changes required to allocate \$40 million promised by the state directly to educators. If the incentive pay program was delayed, these school districts would be forced to choose whether to cut other programs to maintain the promises made by the state using local funds or scrap their incentive program after teacher reassignments and designations have already been made. Either option would serve to erode educators' trust in state and local support for their profession.

One possible solution would be to create a delay or freeze on current and future applicants for the teacher incentive allotment until the state is in a better financial state. The state could allow already approved cohorts to continue receiving those funds, while mitigating future financial burdens. Continuing the funding for currently approved districts will help maintain the viability of the program going forward and will directly benefit students and teachers.



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**Question 2: Does the state have any obligation to ensure that newly awarded salaries are carried forward from year-to-year all other conditions being equal?**

**Question 3: Is the state capable of providing the additional financial resources so school districts can maintain the new salaries awarded post HB 3?**

During the legislative session, school boards were less than enthusiastic about across-the-board, one-size-fits-all teacher pay increases. The resistance was due in part to memories of similar state-mandated pay increases that were later cut due to budget shortfalls. In 1999, the state mandated a \$3,000 teacher pay raise that forced districts to either institute hiring freezes or reduce their workforce after the state later reduced education funding. With history as a guide, school districts during the 86<sup>th</sup> legislative session were hesitant to support a policy that had created such consternation in the past.

Through compromise, the legislature under HB3 decided to tie teacher salary raises to increases of the basic allotment allowing districts more flexibility to bolster salaries and benefits for educators who directly contribute to student learning. Tying salary increases to basic allotment increases was more palatable than across-the-board raises, as raises are now directly related to state support for public education. However, districts could still face difficult staffing decisions if the state decides to reduce its share of education funding. Districts would be obligated to maintain the pay increases afforded under HB3 even if the basic allotment is reduced or state-funded programs are eliminated. Ultimately, it will be up to the legislature to support these historic pay increases by finding a way to maintain its funding levels.

**Question 4: What impact does the "no new revenue - tax cap" of 2.5 percent have on a school district's ability to continue the pay raises or changes in salary scheduled adopted for the 2019-20 school year?**

With the recent addition of the no new revenue tax cap in House Bill 3 coupled with automatic tax compression, the state made a promise to support public schools while trying to minimizing any additional burden on property taxpayers caused by rising property values. As long as the state continues to fund its share of education funding that helps to maintain the 2.5% cap on property growth and automatic tax compression, school districts will likely be able to continue supporting the salary changes made as a result of HB3. In theory, school districts that are not already at the maximum compressed value established by the state could, in the event of a reduction of state funds, appeal to their constituents to raise their M&O tax rate through a tax ratification election (TRE), increasing the local share of education funding. There are two things to bear in mind:

First, school districts that opt to hold a TRE to maintain their teacher pay raises mandated by HB3 that are also making recapture payments to the state will see a larger share of their Tier II copper penny revenue going to fund the state's portion of school funding. Depending on in the amount of their recapture payments, the actual revenue these districts would realize would be too insignificant to warrant raising their tax rates.



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Second, maintaining teacher pay raises after a significant decrease in state funding will be all but impossible for the more than one-third of districts already taxing at the maximum compressed value. The new 2.5% cap on property tax revenue increases effectively hamstringing local districts' ability to offset losses of state funding. Many of the districts already taxing at the state maximum are property-poor, leaving them with few options to generate additional revenue and increasing inequity within the public education system.

While it will be a heavy lift, the state can avoid these scenarios without negatively impacting recent property tax reforms by maintaining its level of education funding. It is TASB's hope that the legislature will continue the great progress it made in the 86<sup>th</sup> legislative session.

CC:

Vice Chairman Diego Bernal  
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Representative Keith Bell  
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